

Nebraska Sales and Use Tax GENERAL INFORMATION Fall 2011

www.revenue.ne.gov

This PowerPoint handout is used for training purposes in conjunction with the oral presentation given by Departmental training staff.

It is not intended to be a stand-alone document.

It is not an information guide, nor does it carry regulatory or statutory authority.

Nebraska tax statutes, regulations, information guides, and other resources are available at www.revenue.ne.gov.

CHANGE IN THE NEBRASKA SALES AND USE TAX DUE DATE

The sales and use tax due date will change from the 25th of the month to the 20th of the month.

This change will take effect:

- For monthly filers, with the October return due on November 20, 2011;
- For quarterly filers, with the 4th quarter return due on January 20, 2012; &
- For annual filers, with the 2011 annual return also due on January 20, 2012.

This change applies to the Nebraska and Local Sales and Use Tax Return, Form 10, and the Business Nebraska and Local Use Tax Return, Form 2.

Nebraska and County Lodging Tax and Tire Fee Returns remain due on the 25th of the month.

E-FILING & PAYMENT MANDATES

Every 6 months, the payment threshold is lowered.

• July 1, 2011 \$16,000

January 1, 2012 \$13,000

• July 1, 2012 \$11,000

Any businesses with multiple locations that have been granted permission to file "combined" sales tax returns **MUST** e-file.

For more detailed information on e-file and e-pay requirements, see our <u>website</u>.

Making Timely ACH Debit Payments

- Be sure your payment is on time!
 - Schedule your payment before the due date.
 - Enter a scheduled payment date no later than the day after the due date. (Note: Your scheduled payment date cannot be set for the same day you set up your payment. It must be at least one banking day in the future.)
 - If you wait until the due date to schedule your payment, you must finish the entry and be issued a confirmation number no later than 5:00 PM Central Time. Make sure you select the next banking day as your scheduled payment date.

Making Timely ACH Credit Payments

- Be sure your payment is on time!
 - Your financial institution must successfully deposit your tax payment no later than the first banking day after the due date.
 - You must contact your financial institution to determine the date you must initiate payment with them to ensure your payment is transferred in a timely manner.

NATURAL DISASTERS AND TAXES

- Although the Department cannot extend filing or payment due dates, it CAN WAIVE interest
 & penalties in certain circumstances.
 - File Form 21, Request for Abatement of Penalty
 - File Form 21A, Application for Abatement of Interest
- Look into any withholding issues that may arise from temporarily moving employees from 1 state to another.

For more detailed information on natural disasters, see our <u>dedicated web page</u>.

THE DEPARTMENT IS GOING PAPERLESS!

- Printing and mailing of tax forms has been reduced, and in some cases, eliminated.
- Sign up for a free subscription service at <u>www.revenue.ne.gov</u> to get email updates on your topics of interest.

TODAY'S AGENDA

- 1. What is a sales transaction?
- 2. Sales tax is calculated on gross receipts.
- 3. **Delivery location** determines the rate of local sales tax.
- 4. Sellers must collect and report sales tax or document why they didn't.
- 5. Accounting methods
- 6. What is use tax?
- 7. Other tax information...

L. WHAT IS A SALES TRANSACTION?

1. WHAT IS A SALES TRANSACTION?

A SALE is

- the transfer of title or possession,
- of an item or taxable service,
- for consideration.

1. Sales Transaction (continued)

SALES TAX is

- a transactional tax,
- based on the transaction,
- rather than the item sold.

1. Sales Transaction (continued)

A **SALE** includes transfer of these digital goods:

- Books;
- Downloading songs & ringtones;
- Movies, music, music videos,
 & TV shows; and
- Prepaid phone cards.

1. Sales Transaction (continued)

A LEASE OR RENTAL

- is a SALE,
- because there is a transfer of POSSESSION.
- Sales tax is due on each payment.

1. Taxable Services

- Animal specialty services
- Building cleaning
- Computer software training
- Detective services
- Installing/applying tangible personal property
- Motor vehicle towing, washing/waxing, painting
- Pest control services
- Recreational vehicle (RV) park services
- Security services
- Repair labor (with 4 exceptions see slide 48)

For a complete list of taxable and nontaxable services, see the <u>Nebraska and Local Sales Tax Information Guide</u> on our website.

1. All Service Providers...

- ...are the **CONSUMERS** of the items used to provide the service; and
- ...MUST PAY TAX on those items (even if the charge for the service is also taxable).
- Example 1: The carwash does not sell soap and wax, but a "car wash."
- Example 2: A window cleaner is not selling window cleaner, but "clean windows."

2.

SALES TAX IS CALCULATED ON GROSS RECEIPTS

2. GROSS RECEIPTS

Gross receipts mean the total amount of a sale or lease for a consideration.

Sales tax is calculated on the gross receipts of the sales transaction.

For more information, see <u>Reg-1-007</u> – Gross Receipts Defined.

3.

DELIVERY LOCATION DETERMINES THE RATE OF LOCAL SALES TAX

3. DELIVERY LOCATION

The delivery location determines the rate of local sales tax.

- The delivery location is where the purchaser picks up the item or where he/she takes possession of it.
- The local sales tax rate depends on whether the delivery location is inside or outside city limits.
- When delivery is outside Nebraska, contact the other state.

4.

4A. COLLECTING SALES TAX

4B. DOCUMENTING WHY YOU DIDN'T 4C. REPORTING SALES TAX

4A. Collecting Sales Tax

- Collected by the SELLER as an agent for the State
- TRUST FUND belongs to the State of Nebraska
- Must have a SALES TAX PERMIT
- COLLECTION FEE

4A. Collecting Sales Tax (continued)

- ALL sales transactions are presumed taxable.
- Sales tax must be separately stated (with 4 exceptions).

THE BOTTOM LINE FOR SALES TAX

Sellers must collect sales tax
- OR document why they did not.

4B. Documenting Exempt Sales

- Form 13
- Sellers keep completed copies of Form 13.
- A "blanket" form is valid until it is revoked in writing by the purchaser.

4B. Documenting Exempt Sales (continued)

Form 13, Section A – Resale Certificate

- Purchases for resale
- Items that become a component part of a product to be resold

Form 13, Section A

Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption REVENUE Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption RESET FORM 13				
NAME AND MAILING ADDRESS OF PURCHASER	NAME AND MAILING ADDRESS OF SELLER			
Name	Name			
Street or Other Mailing Address	Street or Other Mailing Address			
City State Zip Code	City State Zip Code			
Check Type of Certificate Single Purchase Blanket If blanket is checked, this certificate is valid until revoked in writing by the purchaser. I hereby certify that the purchase, lease, or rental by the above purchaser is exempt from the Nebraska sales tax for the following reason: Check One Purchase for Resale (Complete Section A) Exempt Purchase (Complete Section B) Contractor (Complete Section C)				
SECTION A — Nebraska Resale Certificate				
I hereby certify that the purchase, lease, or rental of from the above seller is exempt from the Nebraska sales tax as a purchase for resale, rental, or lease in the normal course of our business, either in the form or condition in which purchased, or as an ingredient or component part of other property to be resold. I further certify that we are engaged in business as a: Wholesaler Retailer Manufacturer Lessor of Description of Product Sold, Leased, or Rented				
and hold Nebraska Sales Tax Permit Number 01-				
or Foreign State Sales Tax Number	State			

4B. Documenting Exempt Sales (continued)

Form 13, Section B – Exempt Sale Certificate

- Specific governmental units
 - Governmental Entities information guide
 - Reg-1-012C Entity-based exemptions
- Certain exempt organizations
 - Nonprofits PowerPoint slides
 - Nonprofits information guide
 - Reg-1-090 Nonprofit organizations
 - Reg-1-091 Religious organizations
 - Reg-1-092 Educational institutions

FORM 13, Section B (continued)

- Qualified manufacturing machinery and equipment (MME)
 - MME PowerPoint slides
 - MME information guide
 - Reg-1-107 MME Exemption
- Parts for vehicles used by a common or contract carrier
 - Common or Contract Carrier information guide
 - Reg-1-069 Common & Contract Carriers

FORM 13, Section B (continued)

- Qualified commercial agricultural machinery and equipment (Ag exemption)
 - Agri-business PowerPoint slides
 - Ag information guide
 - Reg-1-094 Ag machinery & equipment refund
- Occasional sales (This exemption is very limited in scope!)
 - Reg-1-022 Occasional Sales

Form 13, Section B

Nebraska Departmen		sale or E for Sales Ta	x Exempt	t Sale Certificate ion see note below RESET FORM	FORM 13
NAI	ME AND MAILING ADDRESS OF PURCH	IASER		NAME AND MAILING ADDRESS O	F SELLER
Name			Name		_
Street or Other Mailing Address			Street or Other Mailing Address		
City	State	Zip Code	City	State	Zip Code
Check Type of Certificate Single Purchase Blanket If blanket is checked, this certificate is valid until revoked in writing by the purchaser. I hereby certify that the purchase, lease, or rental by the above purchaser is exempt from the Nebraska sales tax for the following reason: Check One Purchase for Resale (Complete Section A) Exempt Purchase (Complete Section B) Contractor (Complete Section C)					
SECTION B—Nebraska Exempt Sale Certificate					
The basis for this exemption is exemption category (Insert appropriate category as described on reverse of this form.)					
If exemption category 2 or 5 is claimed, enter the following information:					
Description of Iten	(s) Purchased		Intended U	se of Item(s) Purchased	
If exemption categories 3 or 4 are claimed, enter the Nebraska Exemption Certificate number. 05-					
If exemption category 6 is claimed, seller must enter the following information and sign this form below:					
Description of Iten	i(s) Sold	Date of Seller's Origina	al Purchase	Was Tax Paid when Purchased by Seller? YES NO	Was Item Depreciable? YES NO

Form 13, Section C – For Contractors Only

Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption REVENUE Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption RESET FORM 13					
NAME AND MAILING ADDRESS OF PURCHASER	NAME AND MAILING ADDRESS OF SELLER				
Name	Name				
Street or Other Mailing Address	Street or Other Mailing Address				
City State Zip Code	City State Zip Code				
Check Type of Certificate Single Purchase Blanket If blanket is checked, this certificate is valid until revoked in writing by the purchaser. I hereby certify that the purchase, lease, or rental by the above purchaser is exempt from the Nebraska sales tax for the following reason: Check One Purchase for Resale (Complete Section A) Exempt Purchase (Complete Section B) Contractor (Complete Section C)					
SECTION C—For Contractors Only					
1. Purchases of Building Materials or Fixtures:					
As an Option 1 or Option 3 contractor, I hereby certify that purchases of building materials and fixtures from the above seller are exempt from Nebraska sales tax. My Nebraska Sales or Consumer's Use Tax Permit Number is: 01-					
2. Purchases Made Under Purchasing Agent Appointment on behalf of:					
Pursuant to an attached Purchasing Agent Appointment and Delegation of Authority for Sales and Use Tax, Form 17, I hereby certify that purchases					

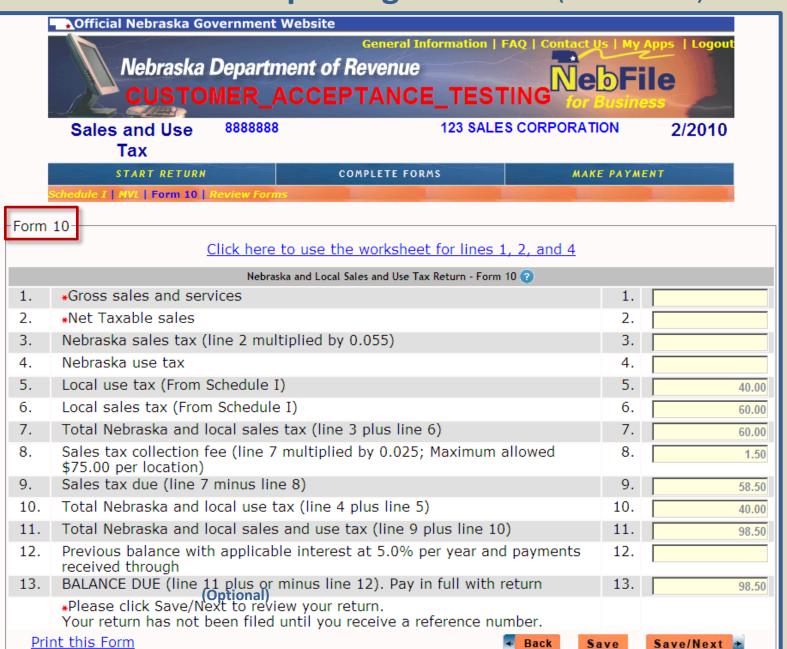
There is a seminar just for **Contractors**!

Check the schedule to attend a class, request that we set a date to work with you directly, or check out the presentation using the link above!

4C. Reporting Sales Tax

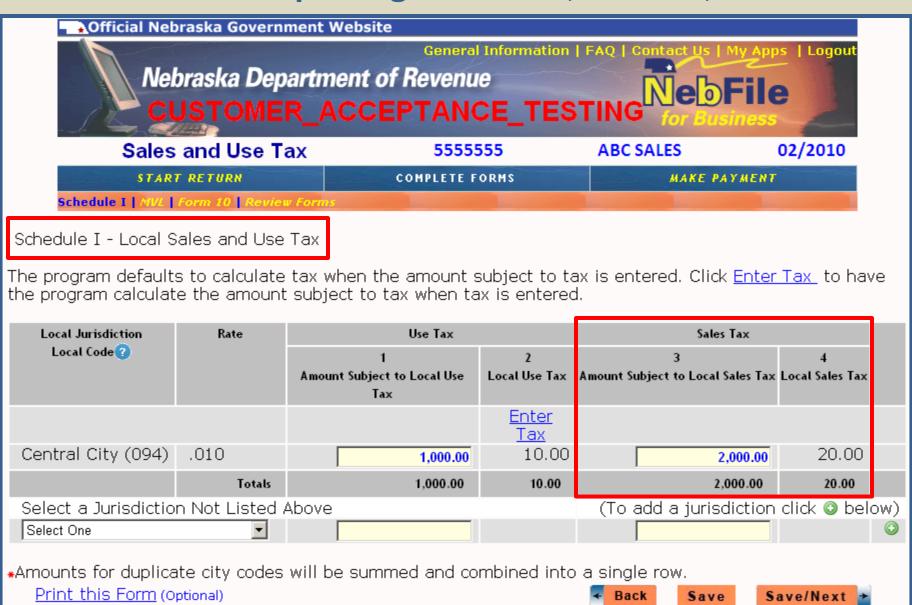
- File a Form 10.
- There are <u>e-file</u> options available.
- A return must be filed even if there are no sales to report.
- For e-file instructions, please go to the Department's website.

4C. Reporting Sales Tax (continued)

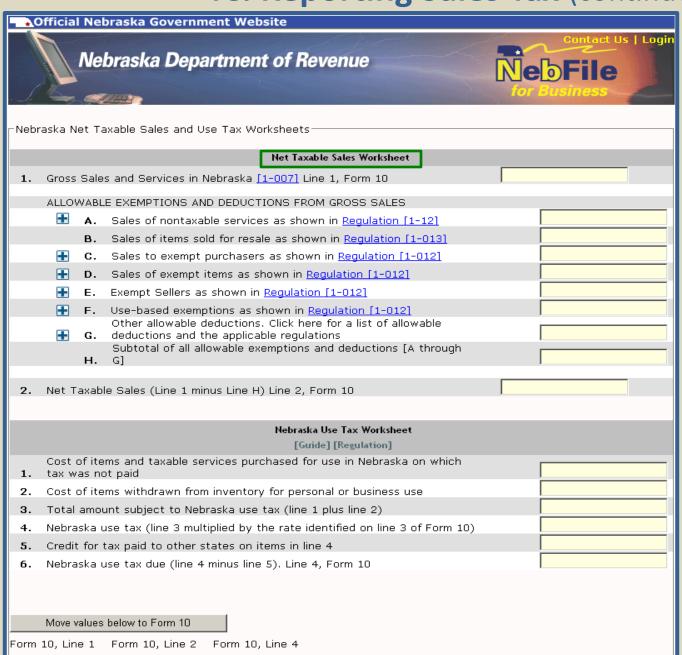


Bus NebFile Demo

4C. Reporting Sales Tax (continued)



4C. Reporting Sales Tax (continued)



This screen shows the Optional Net Taxable Sales Worksheet used to help calculate lines 1 and 2 on Form 10.

5. ACCOUNTING METHODS

5. ACCOUNTING METHODS

The accounting method you use:

- Is <u>not</u> based on HOW a customer pays you;
- Is determined by WHEN you record income and expenses; and
- Determines when sales and use tax is due.

5. Accounting Methods (continued)

Cash Method

- Sales are recorded as income when payment is received by the seller.
- Purchases are recorded as expenses when payment is made to the vendor.

Accrual Method

- Sales are recorded as income when the sale occurs regardless of when payment is received.
- Purchases are recorded as expenses when incurred regardless of when payment is made. 39

5. Accounting Methods (continued)

Example:

- A furniture store sells a sofa on Oct. 1, 2010 for \$1,000.
- The customer picks up the sofa on the same day.
- The customer makes a \$500 payment on Oct. 1, 2010.

Cash Method

- The \$500 payment is recorded as income for October.
- The \$500 payment recorded is reported on the Form 10 as gross sales.

Accrual Method

- The entire \$1,000 is recorded as income in October, even though the customer has only paid \$500.
- The furniture store reports the entire \$1,000 on its October Form 10 as gross sales.

6. WHAT IS USE TAX?

6. WHAT IS USE TAX?

- Use tax is due when Nebraska sales tax has not been paid on a taxable item or service purchased for use in Nebraska.
- Sales and use tax are <u>not</u> BOTH due on the same transaction.
- The big difference is who remits the tax -
 - Sales tax is collected and remitted by the seller.
 - Use tax is paid directly to the Department by the purchaser/consumer.

6. Use Tax (continued)

Use tax and sales tax have these things in common -

- They are imposed on the same transactions.
- They have the same exemptions.
- They are calculated at the same rate.
 - OR
 - Where first usage in Nebraska takes place.

6. Use Tax (continued)

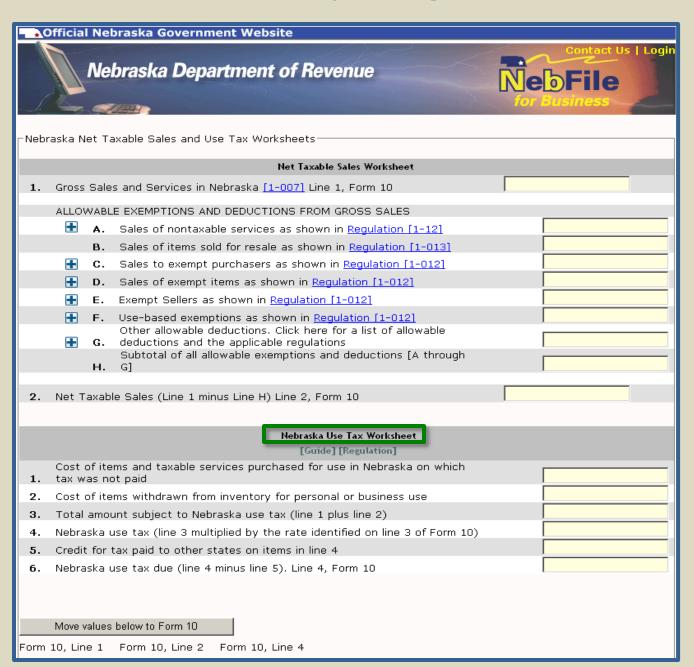
- Often due when purchases are made from an out-of-state seller
 - Internet, catalog, mail order
 - Magazines and journals by subscription
- Due when the business withdraws tax-free inventory for business or personal use (including donations)
 - Auto mechanic
 - Hair salon

6. Reporting Use Tax

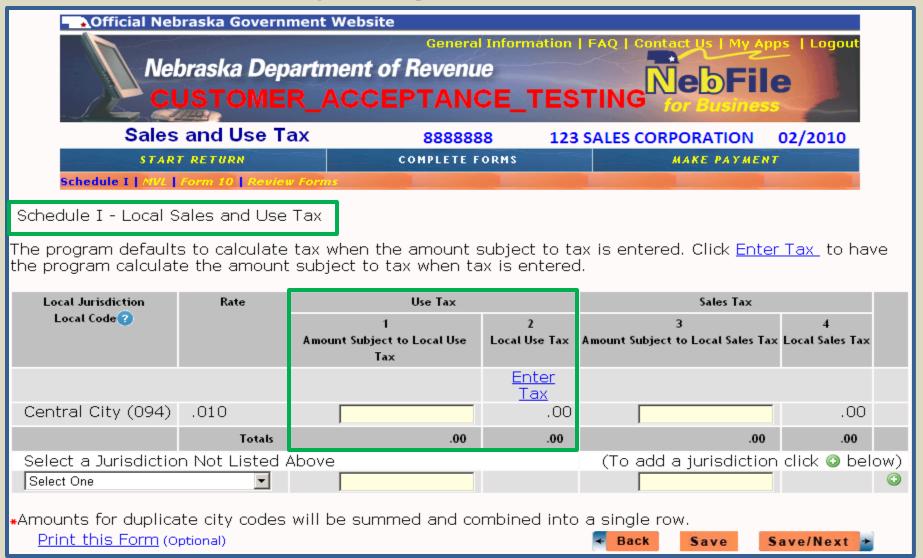
- Businesses report use tax on:
 - Form 10; or
 - o Form 2.
- Individuals report use tax on:
 - Form 3;
 - Form 1040N; or
 - O Form 2 (only if claiming credit for tax paid to another state).

NOTE: Do not use Form 1040-XN to make changes to individual use tax filings.

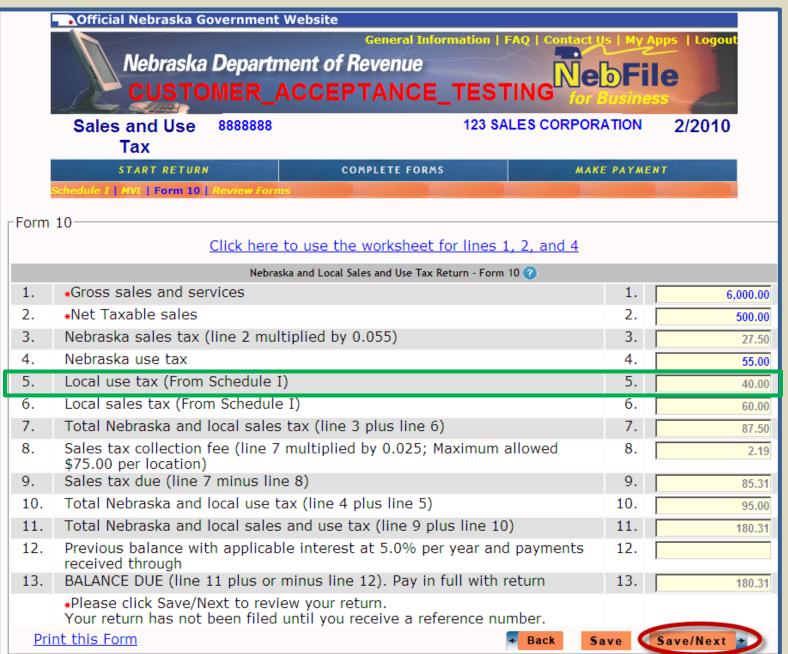
Businesses that hold a Nebraska Sales Tax Permit, use Form 10.



This screen shows the **Optional Nebraska Use Tax Worksheet** used to help calculate line 4 on Form 10.



- On **Schedule I**, local jurisdictions reported within the last 12 months will be shown.
- The program defaults to enter the "Amount Subject to Tax." Click on the blue "Enter Tax" link to enter the amount of tax.

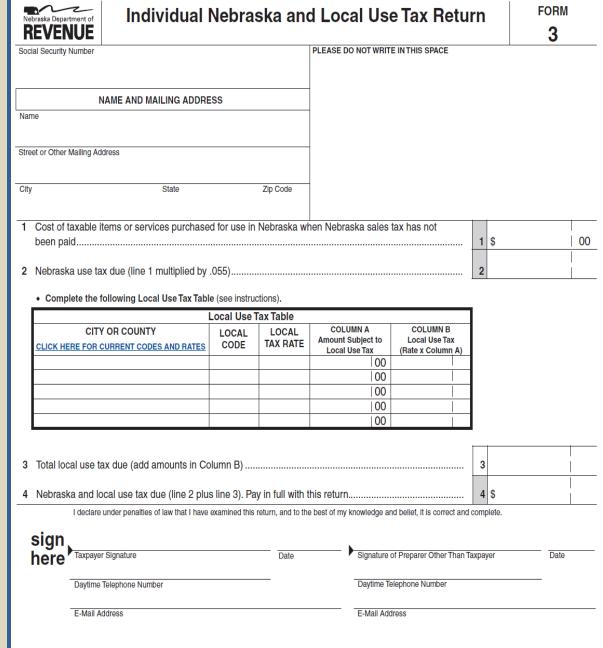


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Businesses use
Form 2 if they
DO NOT hold a
sales tax permit.

REVENUE raska ID Number			PLEASE DO	NOT WRIT	E IN THIS SPACE			2	
priod			-						
NAME AND LOCATION ADDR	ESS		Name	ı	NAME AND MAIL	ING AD	DRESS		
e Doing Business As (dba)			Ivallie						
l Name									
t Address (Do Not Use PO Box)			Street or Oth	ner Mailing /	Address				
State		Zip Code	City		S	state		Zip Co	de
Cost of taxable items or services purchase	d for use in I	Nohraska wi	on Nahras	ka ealoe	tay has not hoo	n			Т
paid. (Include the cost of items withdrawn f							\$		00
lobracka usa tay dua (lina 1 multiplied by	OEE)					2			
Nebraska use tax due (line 1 multiplied by Complete the following Local Use Tax Table	,					2			
	Local Use T								
CITY OR COUNTY	LOCAL	LOCAL	COLUI	MN A	COLUMN B				
CLICK HERE FOR CURRENT CODES AND RATES	CODE	TAX RATE	Amount S Local U		Local Use Ta: (Rate x Column				
			Local o	00	(Hate x Column	Α,			
				00					
				00					
				00		-			
				00					
otal local use tax due (add amounts in Co	lumn B)					3			<u> </u>
Total Nebraska and local use taxes due (line 2 plus line 3)						4			1
Credit for tax properly paid to other states a		•				4			
see instructions)						5			<u> </u>
let Nebrooks and level use toyee due /line	4 minus line	o F)							
Net Nebraska and local use taxes due (line 4 minus line 5) Previous balance with applicable interest at					6			<u> </u>	
% per year and payments received the						7			
¬							ı		ı
Check this box if your payment is being BALANCE DUE (line 6 plus or minus line 7					•	8	•		Í I
I declare under penalties of law that								9.	
sign									
ere Authorized Signature		Date	>	Signature	of Preparer Other Th	nan Taxpa	yer	Date	
Title	De	aytime Telephon	a Number	Daytimo To	lephone Number				
	De	аушие тетериоп		-					
E-Mail Address				E-Mail Add	ress				
THIS RETURN IS DUE ON OR BEFO	RETHE 25 [™]	DAY OF THE	MONTH FO	LLOWING	THE TAX PERIO	DD INDIC	CATED AB	OVE.	
Mail this return and payment					-		, NE 68509	-8923.	
www.revenue	ne.gov. (8	300) 742-7	7474 (NE	and IA), (402) 471-	5729		0.450.4074.Dov	

Individuals use Form 3.



Mail this return and payment to: NEBRASKA DEPARTMENT OF REVENUE, PO BOX 98923, LINCOLN, NE 68509-8923.

www.revenue.ne.gov, (800) 742-7474 (Nebraska and Iowa), (402) 471-5729

Individuals can use Line 37 on Form 1040N to report and pay use tax!

	lebraska Department of		year January 1, 2010 th		e Tax Return , 2010 or other taxable year:	FORM 1040N 2010
	Your First Name and I	nitial	Last Name		PLEASE DO NOT WRITE IN THIS S	SPACE
be or Print	If a Joint Return, Spou	use's First Name and Initial	Last Name			
Current Mailing Address (Number and Street or Po			Box)			
ğ	City, Town, or Post Off	ice	State	Zip Code		

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SUMMARY OF SALES TAX

- 1. What is a sales transaction?
- 2. Sales tax is calculated on the gross receipts.
- 3. **Delivery location** determines the rate of local sales tax.
- 4. Sellers must collect and report sales tax or document why they didn't.
- 5. Accounting methods
- 6. What is use tax?

7. OTHER TAX INFORMATION

OTHER TAX INFORMATION

- 7A. Repair & Labor Charges
- 7B. Gross Receipts
 - 4 Exceptions to "Separately Stating Sales Tax"
 - Delivery Charges
 - City Occupation Tax
 - Tips and Gratuities
- 7C. Computers Hardware, Software, & Training
- 7D. Manufacturing Machinery & Equipment (MME)
- 7E. Certificate of Clearance

7A. Labor Charges Associated with Personal Property

TAXABLE

- Production and assembly labor
- Installation and repair labor WHEN the item is taxable

EXEMPT

- Installation labor WHEN the item is exempt
- Repair labor (see the next slide)

7A. Exempt Repair Labor Charges

(Refer to Regulation 1-082 – Labor Charges for more information)

- Licensable motor vehicle
- Agricultural machinery and equipment used in commercial agriculture
- Qualifying prosthetic devices and durable medical equipment (<u>Form 13</u> required)
- Mobility enhancing equipment (<u>Form 13ME</u> required)
- Qualified MME (<u>Form 13</u> required)

7B. Gross Receipts

4 Exceptions to Separately Stating Sales Tax

- Admissions
- Alcohol by-the-drink
- Concessions
- Vending machines

7B. Gross Receipts - The Exceptions

You charge your customer \$10 for a pitcher of beer in a city with a 1.5% local sales tax.

The customer's bill would show:

Pitcher of beer \$10

To determine gross receipts and the amount of sales tax:

- Divide \$10 by 1.07 (1 plus the total state and local sales tax rate). The gross receipts is \$9.35.
- Subtract \$9.35 from \$10 to get \$0.65, which is the tax.

Gross receipts (sales price) = \$9.35

State and local sales tax = \$0.65

7B. Gross Receipts – Delivery Charges

Delivery charges are taxable when:

1. The buyer pays the seller for the delivery charge;

AND

2. The transaction is taxable.

Delivery charges are taxable regardless of the method of delivery.

7B. Gross Receipts - Delivery Charges

(continued)

If you owe use tax on a purchase, you also owe use tax on any delivery charge paid to the seller as part of that purchase.

Any city may collect an <u>occupation tax</u>, privilege, or license tax, on a business within its boundaries.

- The occupation tax rate is set by the city.
- The occupation tax is imposed on the business, similar to income taxes and property taxes.
- The business pays the occupation tax directly to the city on forms provided by the city.
 - Many cities allow sellers to itemize the occupation tax on their customer's bill or invoice as a separate line item.

(continued)

- The occupation tax is part of the seller's gross receipts.
- If it is separately stated on the invoice, the occupation tax must be added to the sales price before calculating state and local sales tax (see the following examples).

(continued)

Example 1 – Meal-only Restaurant Bill

Meal (in Omaha, NE) \$50.00

Occupation Tax (2.5%) + 1.25 >> Remit to the city Subtotal (gross receipts) \$51.25

Sales Tax 7% (state 5.5% and city 1.5%) + 3.59 >> Remit to the NE

Total

Dept of Revenue

\$54.84

(continued)

Example 2 – Hotel Bill

Hotel Room Rate (in Omaha, NE) \$1

\$ 7.39

City Occupation Tax (5.5%)

Subtotal (gross receipts)

\$100.00

+ 5.50 >> Remit to the city

\$105.50

Gross receipts subject to Sales & Lodging Tax = \$105.50

Sales Tax Calculation

Gross Receipts \$105.50

Sales Tax 7%

(state 5.5% & city 1.5%)

Lodging Tax Calculation

Gross Receipts \$105.50

Lodging Tax 5%

\$ 5.28

(county 4% & state 1%)

\$7.39 + \$5.28 = \$12.67 >> Remit to the NE Dept of Revenue

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(continued)

Example 2 - Hotel Bill (continued)

The customer's bill should show:				
Hotel Room Rate	\$100.00			
Occupation Tax (5.5%)	+ 5.50			
Subtotal	\$105.50			
State and Local Sales Tax (7%)	+ 7.39			
State and County Lodging Tax (5%)	+ 5.28			
Total	\$118.17			

NOTE: A "combined rate", adding sales tax, lodging tax and occupation tax rates, is not allowed.

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7B. Gross Receipts – Tips and Gratuities

- Discretionary (Nontaxable)
- Mandatory (Taxable)

7C. Computers -

Hardware, Software, & Related Services

(Refer to <u>Regulation 1-088 – Software</u> and the <u>Computer Software</u> Information Guide for more information.)

TAXABLE

- Computer installation& set up
- Software including upgrades, modifications,
 & enhancements
- Repair

EXEMPT

- Web design without transfer of software
- Help desk support without alteration of software
- Application Service Provider (ASP) – "Cloud Computing"
- Data storage

7D. Manufacturing Machinery and Equipment (MME)

7D. MME is Exempt:

 If more of the purchaser's total annual revenue is from sales of tangible personal property it manufactures than from any other business activity.

AND

 The machinery and equipment is used more than 50% of the time in manufacturing.

7D. "MME" includes machinery or equipment used for (1-8):

- Producing, fabricating, assembling, processing, molding, shaping, finishing, refining, or packaging tangible personal property;
- Transporting, conveying, handling, or storing the manufactured goods or raw materials;

7D. "MME" includes machinery or equipment used for: (continued)

- 3. Maintaining the integrity of the products or unique environmental conditions for the products or MME itself;
- 4. Testing or measuring the product, the manufacturing process, or the quality of the finished products;

7D. "MME" includes machinery or equipment used for: (continued)

5. Computers, software, and peripheral equipment used to guide, control, operate, or measure the manufacturing process.

Example:

Software used to direct robotic assembly line equipment to move the product down the line.

7D. "MME" includes machinery or equipment used for: (continued)

- 6. Self-constructed equipment
- 7. Replacement parts
- 8. Repair labor charges

7D. MME exemption DOES NOT include...

- Licensable motor vehicles
- Tools powered by hand
- Security equipment
- Safety apparel
- Office equipment
- Repair shop equipment
- Most cleaning equipment
- Equipment used for R & D

7E. Certificate of Clearance

Purchasing A Business = Buying A Liability?

The **buyer** can be held liable for taxes due by the previous owner up to the amount of the purchase price, even if a lien has not been recorded.

PROTECT YOURSELF!

Certificate of Clearance:

- Seller gives the certificate to the buyer; or
- Buyer requests and receives the certificate in writing.
- Buyer must include a copy of the signed purchase agreement.

The Department will:

 Respond within 60 days to a written request, whether buyer should withhold funds from the purchase amount or not.

Refer to Successor in Interest, § 77-2707 Sales and Use Tax, and Transferee, § 77-27,110 Income Tax Withholding.

Just a few more things...

WHY WOULD WE CONTACT YOU?

The Department uses a variety of tools when determining which taxpayers to contact for audit.

Examples:

- Audit of another taxpayer
- Department staff experiences
- Referrals from outside sources
 - Media
 - Tip line
 - Other government agencies

- Data mining
 - Comparisons with other companies
 - Trends, patterns, and relationships
 - Industry standards
- Follow-up audits

RECORDS

Every seller is required to keep records.

- Documents
- List of items consumed in the business
- Normal books of account
- Receipts showing taxes paid
- Resale and exemption certificates
- Schedules
- Working papers used in preparing tax returns

We recommend you retain records for 5 years after a return is filed.

A letter from Brady, NE



The tax man cometh

- Written by Gothenburg Times Thursday, 01 September 2011

Well, by cracky I learned something new when I got a call from the Nebraska Department of Revenue. Someone had reported my having a rummage sale in a building that wasn't mine. I should have-gotten a sales tax number. What was I thinking? They needed my receipts on how much I had made as the state needs 5% tax. Since I was selling stuff I had already paid tax on when I bought it I just never gave it a thought.

My friend and I sat there chatting with the lookers and some takers. Largest sale was \$10. Little kids had bags of pennies. Darn, we didn't count them when they asked if it was enough for what they wanted. Cute kids, cheap stuff.

I was told people weren't educated about these laws. Hmmm. Could that be someone's problem?

Thank God I'm an American where life is good even if I don't know all the rules. This little experience is just another page in my Book of Life. And I'm still smiling and wiser.



Let us know what you think. Please turn in your evaluation!

THANK YOU!

[name]

[name]@nebraska.gov

[number]

www.revenue.ne.gov